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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Petition of WorldCom, Inc. Pursuant)
to Section 252(e)(5) of the)
Communications Act for Expedited)
Preemption of the Jurisdiction of the)
Virginia State Corporation Commission)
Regarding Interconnection Disputes)
with Verizon-Virginia, Inc., and for)
Expedited Arbitration)

CC Docket No. 00-218

REBUTTAL TESTIMONY OF MARK ARGENBRIGHT
ON BEHALF OF WORLDCOM, INC
(ISSUES IV-11, IV-34, IV-37, IV-30, IV-31, IV-32, IV-35, IV-36,
IV-38, IV-84, VI-1(Y), VI-1(AA))

September 5, 2001

W. J. B. 013
DATE

TABLE OF CONTENTS

INTRODUCTION	1
NETWORK ARCHITECTURE	
Issue IV-11	2
Issue IV-34.....	8
Issue IV-37.....	11
PRICING TERMS AND CONDITIONS	
Issue IV-30.....	16
Issue IV-31	17
Issue IV-32.....	18
Issue IV-35.....	22
Issue IV-36.....	23
RESALE	
Issue IV-38.....	24
GENERAL TERMS AND CONDITIONS	
Issue IV-84.....	25
Issue VI-1(Y)	28
Issue VI-1(AA)	29
CONCLUSION	31

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1 **Q. Does the language proposed by WorldCom address instances in which a**
2 **party cannot mechanically determine the jurisdiction of traffic?**

3 A. Yes, contrary to Verizon's assertion, the language proposed by WorldCom does
4 address this situation. Specifically, Attachment I, section 7.5 of WorldCom's proposed
5 agreement provides for the reporting of PIU and PLU in those instances where a party
6 cannot determine the jurisdiction of a call it is terminating due to limitations or the
7 absence of mechanical capabilities. This information allows the carrier to determine the
8 percentage of the minutes to be billed as local and the percentage to be billed as access.

9 **Q. Does the language proposed by Verizon also require the use of PIU and PLU**
10 **reports in this situation?**

11 A. Yes. In an effort to bring an end to Verizon's continuing misplaced objection to
12 WorldCom's proposed language concerning this issue, the following is a comparison of
13 the relevant language proposed by the parties.

14 Verizon's section 6.2 provides in relevant part:

15 "If the receiving Party lacks the capability, on an automated basis, to use
16 CPN information to classify on an automated basis traffic delivered by the
17 other Party as either Local Traffic or Toll Traffic, the originating Party
18 will supply a PIU and PLU factor."

19 WorldCom's section 7.5 provides in relevant part:

20 "...or if the receiving Party lacks the ability to use CPN information to
21 classify on an automated basis traffic delivered by the other Party as either
22 Local Traffic or toll traffic, the originating Party will supply an auditable
23 Percent Local Usage (PLU) report quarterly..." "If the originating Party

1 also desires to combine interstate and intrastate toll traffic on the same
2 trunk group, it will supply an auditable Percent Interstate Usage (PIU)
3 report quarterly ...”

4 As this comparison demonstrates, WorldCom addresses the same issue that Verizon
5 addresses. It is therefore difficult to understand why Verizon continues to advance this
6 purported distinction as a basis for claiming that WorldCom’s proposed language
7 inadequately addresses the parties’ ability to mechanically determine traffic jurisdiction.

8 **Q. Please describe the differences between the two proposals’ treatment of**
9 **situations in which some traffic does not have CPN.**

10 A. There are two principal differences. WorldCom’s proposal requires that CPN be
11 sent with 90% of traffic whereas Verizon’s proposal requires that this information be sent
12 with 95% of the traffic. Second, under Verizon’s proposed language, all traffic below the
13 established threshold of 95% is charged access rates (indeed the highest possible access
14 rate). Under WorldCom’s proposal, traffic below the established threshold that is sent
15 without CPN is charged either access rates or reciprocal compensation based on the
16 reported PLU and PIU information provided by the originating carrier.

17 There is one area of agreement between WorldCom and Verizon on this issue.
18 Both parties propose that traffic above the established threshold—e.g., 90% or more
19 traffic with CPN, based on the WorldCom proposal—that is sent without CPN would be
20 charged reciprocal compensation or access rates in direct proportion to the traffic for
21 which CPN information was available.

22 **Q. Does the WorldCom network generate the CPN information for calls**
23 **originated on its network?**

1 A. No. The source of CPN information is the customer premise equipment (“CPE”),
2 for example a PBX, from which a call is originated. CPN is not generated by the
3 WorldCom or Verizon networks. The availability of CPN is dictated by the customer’s
4 CPE and neither WorldCom nor Verizon has control over the CPE. Further, if CPN is
5 provided by the customer’s CPE, it is passed by the WorldCom network.

6 **Q. Why is WorldCom’s proposal more reasonable than Verizon’s?**

7 A. Verizon’s proposal allows it to charge above-cost access rates for all traffic below
8 the CPN threshold. That is, when traffic does not have CPN Verizon ignores available
9 alternatives and assumes that all traffic for which the jurisdiction cannot be determined
10 based on CPN is access traffic. That is an unrealistic presumption, as illustrated by the
11 following example. Pursuant to Verizon’s proposal, if the CPN provided by the
12 originating carrier showed a 50-50 mix of both local and access traffic, and a portion of
13 the traffic lacked CPN, Verizon would presume that the traffic without CPN was 100%
14 access traffic. This makes little sense given that the traffic with CPN was known to be
15 only 50% access traffic.

16 The WorldCom proposal would assume, in the example above, that the traffic
17 without CPN was 50% access traffic, similar to the traffic that had CPN. This proposal
18 determines jurisdiction, where jurisdiction is not known, based on the reasonable
19 assumption that the jurisdiction of this traffic is similar to the jurisdiction of the traffic
20 whose jurisdiction is known. Unlike the Verizon proposal, which would always result in
21 an incorrect estimate of jurisdictional nature, WorldCom’s proposal is more likely to
22 approximate the jurisdictional value of the traffic that does not contain CPN.
23 WorldCom’s proposal is even more reasonable given that, as discussed above, neither

1 WorldCom nor Verizon controls the availability of CPN.

2 **Q. What is the effect of Verizon's proposal?**

3 A. Verizon's proposal allows it to charge above-cost access rates in situations where
4 a cost-based reciprocal compensation rate should be charged. The combination of the
5 95% threshold for providing CPN and Verizon's presumption that all traffic below the
6 threshold without CPN should be charged access rates leads to systematic overcharging
7 of the other carrier.

8 **Q. Has WorldCom proposed new language that addresses Verizon's concern**
9 **regarding situations where CPN is not passed?**

10 A. Yes, WorldCom proposed the following new paragraph during the mediation, in
11 addition to the language set forth at pages 2-6 of my direct testimony (which includes the
12 PIU and PLU language referred to above):

13 Each Party will include in the information transmitted to the other for each
14 call being terminated on the other Party's network the originating CPN, if
15 recorded, otherwise ANI or billing telephone number [BTN] will be
16 provided, where recorded. Where ANI or BTN are not recorded, the
17 telephone number assigned to the trunk group for recording purposes
18 will be inserted in the BTN field to the extent the telephone number
19 has been provided by the originating carrier.

20 These terms will permit Verizon to determine jurisdiction based on BTN or ANI
21 where CPN is not available.

22 **Q. What was Verizon's response to this proposal?**

23 A. Verizon acknowledges that these terms would permit it to determine jurisdiction.

1 However, Verizon indicates that it is reluctant to rely on them because “an unscrupulous
2 CLEC” might opt-in to these terms and then manipulate the transmitted information to
3 avoid paying access charges.

4 **Q. Please comment on Verizon’s response to this additional proposal.**

5 A. The opt-in right of CLECs is codified in Section 252(i) of the Act. Verizon’s
6 fears that various third parties will exercise a right granted to them by the Act are not a
7 legitimate excuse for objecting to valid contract terms. Moreover, the contract terms
8 proposed by WorldCom include audit provisions that would apply to this situation.
9 These audit terms would permit Verizon to uncover the activity of the “unscrupulous
10 CLEC” and to then bill correctly.

11 **Q. Verizon’s third critique of WorldCom’s proposed language is that it does not**
12 **address the measurement of ‘Internet traffic.’ Please comment on this.**

13 A. The terms to be included in the Interconnection Agreement regarding ISP-bound
14 traffic are the subject of Issue I-5. Those terms will stand on their own and need not
15 affect this issue. In fact, the ISP Remand Order establishes quite clearly that ISP-bound
16 traffic is any traffic in excess of a 3:1 ratio. Thus, the jurisdiction of ISP-bound traffic
17 has already been established by the Commission by mandating the use of this ratio.
18 Verizon’s assertion that WorldCom’s language fails to address the measurement of
19 ‘Internet traffic’ has no merit.

20 **Q. How should the Commission resolve this issue?**

21 A. The PIU and PLU provisions proposed by WorldCom will allow the parties to
22 determine jurisdiction on calls where CPN is not passed in accordance with the
23 threshold. These provisions determine jurisdiction in a more reasonable fashion than the

1 terms proposed by Verizon for the reasons noted above. WorldCom has also proposed
2 an additional provision that would allow the parties to determine jurisdiction by use of
3 BTN or ANI. Verizon has neither offered a legitimate argument against this provision or
4 a reasonable alternative. The Commission should order the adoption of the language
5 proposed by WorldCom because, as noted in my direct testimony and herein,
6 WorldCom's proposed terms are more comprehensive than those proposed by Verizon
7 and are consistent with standard industry practice.

8 **Issue IV-34**

9 *Should the ICA contain a provision that (1) entitles WorldCom to deliver both Local*
10 *Traffic and toll traffic over the same trunk group(s); (2) establishes the procedure for*
11 *measuring the jurisdiction of this traffic based on Verizon's terminating call records and*
12 *the CPN WorldCom passes on these calls; (3) provides that if WorldCom fails to pass*
13 *CPN on more than 10% of the calls, it will provide Percent Local Usage (PLU)*
14 *information to Verizon ; (4) provides that in the event WorldCom includes both interstate*
15 *and intrastate toll traffic over the same trunk, and fails to pass CPN on more than 10% of*
16 *the calls, it will then provide Percent Interstate Usage (PIU) to Verizon; (5) gives*
17 *Verizon the same options and obligations as WorldCom; (6) sets forth requirements for*
18 *determining PIU and PLU information; and (7) provides that that the basis for such*
19 *determinations are subject to audit?*

20 **Q. Please summarize WorldCom's position on this issue.**

21 A. WorldCom has proposed that the agreement contain the language that appears at
22 Attachment I, Sections 4.1.2.5 and 4.5 of WorldCom's proposed interconnection
23 agreement, which sets forth important rules relating to usage measurement for purposes

1 of charging access charges or reciprocal compensation. These provisions encourage the
2 efficient use of facilities by allowing aggregation of traffic types, provided that auditable
3 information is available for verification purposes.

4 **Q. Please summarize Verizon's direct testimony on this issue.**

5 A. Verizon's Network Architecture panel states that multi-jurisdictional traffic
6 should only be exchanged over a single trunk group in the "limited circumstances"
7 described in Verizon's proposed section 6. Specifically, Verizon objects to mixing local,
8 intraLATA toll and interLATA toll traffic over the same trunk group. Verizon asserts
9 that such usage of trunk groups would be unprecedented, and that it would not be able to
10 consider such a request until the OBF ("Ordering & Billing Forum"), ANSI T1M1
11 Forum, or similar body provides direction and/or national standards on such usage.
12 Verizon then states that its network is not capable of processing such multi-jurisdictional
13 traffic. Finally, Verizon objects to working "cooperatively" to develop and deploy a
14 trunk group that holds multi-jurisdictional traffic.

15 **Q. Does Verizon dispute WorldCom's claim that the use of trunks in the**
16 **manner proposed would result in a more efficient network?**

17 A. Generally, Verizon seems to agree that these trunks would provide the efficiencies
18 identified in my direct testimony. However, Verizon does assert that these efficiency
19 gains would not exist when Verizon has both access tandems and local tandems in the
20 same serving areas. Verizon does not indicate the extent to which this situation exists in
21 its network.

22 **Q. Please describe the types of traffic that WorldCom desires to have**
23 **aggregated on a trunk group.**

1 A. In addition to local and intraLATA toll traffic, WorldCom requests permission to
2 include the following types of traffic:

- 3 ➤ WorldCom's toll transit traffic (which may include traffic to or from a
4 third party IXC which is connected to the Verizon tandem);
- 5 ➤ All local intratandem transit traffic between WorldCom and Independent
6 Telephone companies, IXCs, CLECs and other network providers;
- 7 ➤ WorldCom originated local intertandem traffic transiting a single Verizon
8 access tandem destined to third party tandems such as Independent
9 Telephone Company or CLEC tandems.

10 **Q. Has any ILEC agreed to provide such trunks to WorldCom?**

11 A. Yes. MCI and BellSouth negotiated an interconnection agreement that provides
12 for the availability of such trunk groups (referred to in that agreement as "Combination
13 Interconnection Trunk Groups"). Again, this provision was negotiated, and not ordered
14 in an arbitration. This was achieved without any effort by the OBF or ANSI T1M1
15 Forum. To the best of WorldCom's knowledge, and contrary to Verizon's assertion,
16 BellSouth did not have to modify its entire network in order to accommodate the use of
17 these trunks.

18 **Q. Should Verizon be required to work cooperatively to develop and deploy a**
19 **trunk group that holds multi-jurisdictional traffic?**

20 A. Yes. The current interconnection agreement contains the precise language to
21 which Verizon now objects, and Verizon has therefore been under an obligation to work
22 cooperatively towards this end for at least three years. Despite its contractual obligation
23 to engage in a collaborative effort to develop such trunk groups, Verizon has refused to

1 work with WorldCom. Verizon's current attempt to remove this provision from the new
2 Virginia interconnection agreement is nothing more than an effort to justify its continued
3 refusal to cooperate.

4 **Q. How should the Commission resolve this issue?**

5 A. Verizon has not provided any information regarding what "fixes," if any, would
6 be required in its network to accommodate usage of trunk groups in this manner. The
7 fact that BellSouth is providing such trunk groups to WorldCom seems to indicate that
8 Verizon's network challenges may be overstated. The efficiencies to be gained,
9 including the conservation of interconnection trunk capacity, outweigh Verizon's refusal
10 to provision such trunk groups. Accordingly, the Commission should adopt the language
11 proposed by WorldCom.

12 **Issue IV-37**

13 *Should the Interconnection Agreement reflect the Meet Point Billing arrangements*
14 *proposed by WorldCom?*

15 **Q. Please summarize WorldCom's position on this issue.**

16 A. WorldCom has proposed that the interconnection agreement contain its proposed
17 Section 4.9 of Attachment I regarding Meet Point Billing Arrangements.¹ As I explained
18 in my direct testimony, there are four primary components to WorldCom's proposed
19 language. First, it provides that Meet Point Billing will be performed in accordance with
20 the Ordering and Billing Forum's ("OBF") guidelines and that the parties will charge
21 IXC's in accordance with each party's respective Switched Access tariffs, using the
22 multiple bill/single tariff method specified by the OBF's MECAB document. In addition,

1 WorldCom has proposed that the parties exchange the information needed for billing
2 jointly-provided switched access services at no charge to each other. Third, WorldCom
3 has proposed terms pursuant to which, in the event data is lost, the parties must attempt to
4 reconstruct the lost data or to use a reasonable estimate of the lost data, such as historical
5 data of prior usage. Finally, the proposed terms provide that the party that is responsible
6 for the lost data will be liable to the other party for the amount of lost revenue in the
7 event that the IXC does not pay a bill due to the use of estimates.

8 **Q. Please summarize Verizon's direct testimony on this issue.**

9 A. Verizon first asserts that this is simply a disagreement over language and that
10 WorldCom did not "raise any specific issue with Verizon's proposed language." Verizon
11 then objects to WorldCom's language because it only indicates that the "multiple bill /
12 single tariff" meet point billing arrangement will be used. Verizon also criticizes
13 WorldCom's recovery of lost data provisions for allegedly failing to "give the Parties
14 sufficient time to discover errors." Finally, Verizon asserts that sections 9.2, 9.3, 9.13,
15 9.15, and 9.16 of its proposed agreement address certain points that WorldCom's
16 language does not.

17 **Q. Did WorldCom raise any specific criticisms of Verizon's proposed language?**

18 A. Yes. As I explained in my direct testimony, Verizon's proposed language is
19 flawed in four critical respects: 1) although Verizon claims otherwise, its language is
20 inconsistent with the Multiple Exchange Carrier Access Billing ("MECAB") published
21 by the OBF; 2) it provides an excessively lengthy period for reporting errors; 3) it fails

¹ Meet Point Billing Arrangements apply when WorldCom and Verizon jointly provide Switched Access service to an IXC.

1 to address the use of electronic means of transmitting 1101XX and 1150XX records; and
2 4) it fails to address the carriers' responsibilities in the event records are lost.

3 **Q. Why did WorldCom only propose that the "multiple bill/single tariff" billing**
4 **arrangement be used?**

5 A. WorldCom's language expressly references the multiple bill/single tariff method
6 of conducting meet point billing because that is the only method that WorldCom
7 currently uses, and from a practical standpoint, the other methods simply are not
8 currently viable or feasible. However, because WorldCom's language references the
9 MECAB, any alternative methods allowed by MECAB would be available to the
10 carriers.

11 In addition, as I noted in my direct testimony, although Verizon labels its
12 proposed methods in accordance with the language that appears in MECAB, it defines
13 those methods in a manner that is inconsistent with MECAB.

14 **Q. Does WorldCom's language give carriers ample time to discover errors?**

15 A. Yes. WorldCom's proposal does not impose a limit on the parties' ability to
16 discover errors, but instead addresses the reporting of errors. WorldCom presumes that
17 both parties will exercise due diligence in their operations to avoid errors, and that they
18 will accordingly investigate perceived or suspected problems in a timely fashion. Once
19 such errors are identified, they should be reported to the impacted carrier as quickly as
20 possible. As I explained in my direct testimony, WorldCom's proposal is reasonable and
21 provides the best opportunity to recover from and/or mitigate the impact of such errors.
22 In sum, there is simply no reason to accept Verizon's proposed extended time frames for
23 the reporting of errors.

1 **Q. Please respond to Verizon’s assertion that WorldCom’s language fails to**
2 **address the issues covered in Verizon’s proposed language.**

3 A. At the outset, several of Verizon’s proposed provisions improperly eliminate the
4 multiple options provided in the MECAB document, and instead promote Verizon’s
5 preferred meet point billing arrangements. The language in section 9.1 of Verizon’s
6 proposed contract allows this nullification of MECAB by providing that the carriers will
7 establish meet point billing arrangements in accordance with the MECAB document
8 “except as modified herein and in Verizon’s applicable Tariffs.”² To the extent that
9 WorldCom’s language does not address these situations, it does not signal a lack of
10 comprehensiveness, but rather indicates a willingness to abide by the terms of MECAB.

11 Verizon’s Section 9.3, which specifies that meet point billing arrangements will
12 occur at the Verizon access tandems unless otherwise agreed to by the parties, provides a
13 clear example of Verizon’s efforts to eliminate options that the MECAB document makes
14 available. The MECAB document does not require that such arrangements be established
15 at the access tandem. Instead, it envisions meet point billing arrangements in such places
16 as between end offices, between the end office and access tandem, and between hosts and
17 remotes. By specifying Verizon’s preferred location of the meet point billing
18 arrangement, which may be acceptable to WorldCom in some instances, Verizon
19 improperly prevents WorldCom from making use of the additional options provided by
20 the MECAB document. In addition, Verizon’s proposal that meet point arrangements

² Verizon asserts in its testimony on this issue and others that it should be allowed to use its tariff to unilaterally alter the terms of the interconnection agreement. WorldCom’s objection to that proposal is discussed in several places, for example in the testimony of witnesses Matt Harthun and John Trofimuk regarding Issue III-18. As explained in the

1 take place only at Verizon's tandem prevents WorldCom from providing tandem
2 switching and transport for the termination of access traffic, because such arrangements
3 require the CLEC to establish a meet point at Verizon's end office. Because WorldCom
4 may want to avail itself of those options, it objects to Verizon's proposed language.

5 Verizon's Section 9.15 specifies a formula that the carriers must use to calculate
6 the applicable billing percentages. However, section 3.3 of the MECAB document
7 provides a detailed explanation of several options that may be used for such calculations
8 (one of which is airline mileage as proposed by Verizon), and specifically indicates that
9 the option must be "mutually agreed" to by the parties. By foisting its preferred method
10 on WorldCom and only allowing modifications by mutual agreement, Verizon's proposal
11 is another attempt to get around the MECAB document—which envisions that the
12 calculation method itself will be adopted by mutual agreement.

13 Finally, although Section 5 of the MECAB already addresses in great detail the
14 responsibilities of the parties when meet point billing arrangements are established or
15 changed, Verizon's proposed Section 9.16 attempts to modify those responsibilities.
16 Specifically, Verizon's proposed language defines the notification responsibilities of the
17 CLEC when the CLEC establishes service within a LATA in a manner that memorializes
18 Verizon's preference, and not the MECAB terms.

Harthun-Trofimuk testimony, it is inappropriate to allow Verizon to use its tariffs to nullify the agreed-to or arbitrated terms of the interconnection agreement.

1 **PRICING TERMS AND CONDITIONS**

2 **Issue IV-30**

3 *Should the ICA contain a provision setting forth certain general principles regarding the*
4 *price schedule, including: (1) the effective term of the rates and discounts provided in the*
5 *ICA (effective for the length of the ICA unless modified by law or otherwise provided);*
6 *(2) the principle that the rates set forth in Table I that reference existing Tariffs are*
7 *subject to those Tariffs; and (3) the principle that the rates or discounts in Table I are to*
8 *be replaced on a prospective basis by FCC or State Commission approved rates or*
9 *discounts, and setting forth a procedure whereby such approved rates will take effect?*

10 **Q. Please summarize WorldCom’s position on this issue.**

11 A. WorldCom believes that including a provision setting forth general principles
12 regarding the price schedule is necessary to define the rights and obligations of the
13 parties, eliminate ambiguity, and provide a mechanism for altering the rates and discounts
14 in the agreement in light of changing law. As I explained in my direct testimony,
15 WorldCom’s proposed language effectively achieves these goals and should be adopted.

16 **Q. Please summarize Verizon’s direct testimony on this issue.**

17 A. Verizon’s pricing terms and conditions panel fails to address the majority of the
18 points that I addressed in my direct testimony on this issue, and instead focuses on one
19 issue that it says is relevant to Issues III-18, IV-30, IV-32, IV-36, IV-85, and VII-23
20 through VII-25—the “interplay between tariffs and interconnection agreements.” In its
21 discussion of those issues, Verizon reiterates its position that future tariff changes should
22 be allowed to “trump” the rates contained in the interconnection agreement.

23 **Q. Do you agree with Verizon’s position regarding tariffs?**

1 A. No. WorldCom witness Matt Harthun explains WorldCom's objection to
2 Verizon's proposal that tariffs be allowed to trump the interconnection agreement in his
3 testimony on Issue III-18.

4 **Q. Does Verizon's testimony address the remaining issues discussed in your**
5 **direct testimony on Issue IV-30?**

6 A. No. Verizon has failed to address the substantive points in my direct testimony
7 on this issue. Because Verizon has not identified any specific problems with the general
8 principles behind the remainder of WorldCom's proposed language—which as I
9 explained in my direct testimony should be non-controversial—or with WorldCom's
10 implementation of those principles, the Commission should accept WorldCom's
11 proposed Attachment I, Section 1.1.

12 **Issue IV-31**

13 *Should the ICA contain a provision stating that Rates for Exchange Access Services*
14 *purchased by either Party for use in the provision of toll service to end user customers*
15 *are not affected by the ICA?*

16 **Q. Please summarize WorldCom's position on this issue.**

17 A. WorldCom believes that the interconnection agreement should contain a provision
18 making clear that exchange access rates, which are governed by a separate regulatory
19 regime, are not affected by the interconnection agreement. As I explained in my direct
20 testimony, WorldCom's proposed language, which appears at Attachment I, Section 1.2,
21 provides an important limitation on the parties' rights and obligations under the
22 interconnection agreement.

23 **Q. Please summarize Verizon's position on this issue.**

1 A. The members of Verizon's Network Architecture witness panel state in their
2 direct testimony that they agree that such a provision should be included in the
3 agreement, and that the parties are close to resolving this issue.

4 **Q. Are the parties close to resolving this issue?**

5 A. I hope so. As I noted in my direct testimony, WorldCom would accept Verizon's
6 proposed language if it were amended to read as follows:

7 Originating and terminating switched access shall be charged to the
8 appropriate toll carrier and such charges shall be governed by the parties'
9 applicable Commission approved tariffs. Where applicable, these charges
10 may be addressed in accordance with the Meet Point Billing Arrangements
11 in this Agreement.

12 This modification is necessary because Verizon's language does not make clear that the
13 rates and charges for such services will be governed by tariffs, and could be interpreted as
14 removing the entire category of services from the scope of the interconnection agreement.

15 **Issue IV-32**

16 *Should the interconnection agreement contain a provision stating that: (1) absent*
17 *agreement otherwise, WorldCom will pay only those rates set forth in Table I for services*
18 *purchased under the ICA; (2) Verizon will pay for any systems or infrastructure it*
19 *requires to provide the services covered by the ICA, and that it may recover those costs*
20 *only through the rates set forth in Table I; and (3) rates for subsequently developed*
21 *services or services modified by regulatory requirements will be added to Table I by*
22 *agreement; and (4) electronic copies of the pricing tables will be provided to WorldCom*
23 *to facilitate changing the rates in the pricing tables?*

1 **Q. Please summarize WorldCom’s position on Issue IV-32.**

2 A. WorldCom has proposed that the interconnection agreement contain a provision
3 making clear that the rates set forth in the pricing table of the interconnection agreement
4 (which appears at Table 1 in WorldCom’s proposed agreement) are the exclusive pricing
5 schedule unless the parties agree otherwise. As I explained in my direct testimony,
6 WorldCom’s proposal also makes clear that Verizon should bear its own development
7 costs, and establishes a process pursuant to which the pricing table may be amended.
8 WorldCom’s proposed language provides necessary clarity regarding the parties’ rights
9 and obligations, and should be included in the interconnection agreement.

10 **Q. Please summarize Verizon’s position on this issue.**

11 A. Verizon addresses Issue IV-32 in the testimony of its Pricing Terms and
12 Conditions witness panel, and asserts that the Commission should reject WorldCom’s
13 proposed sections 1.3 and 1.4. First, Verizon invokes its general arguments regarding
14 tariffs and its “waterfall” pricing provision, and asserts that payment for services
15 addressed in the interconnection agreement should not be limited to the rates in the
16 interconnection agreement. Second, Verizon objects to WorldCom’s proposal that it only
17 be allowed to recover costs as set forth in the interconnection agreement, and that it bear
18 its own development costs. Third, Verizon appears to continue to object to providing
19 electronic copies of the pricing tables. Finally, Verizon objects to WorldCom’s proposal
20 that Verizon provide revised copies of the pricing table on a monthly basis, and states that
21 it “will attempt to accommodate WorldCom’s request with information kept as part of
22 Verizon VA’s normal course of business.”

1 **Q. Should the rates set forth in the interconnection agreement be the exclusive**
2 **pricing schedule unless the parties agree otherwise?**

3 A. Yes. As I explained in my direct testimony, including such a provision in the
4 interconnection agreement prevents hidden charges and provides clarity. Verizon does
5 not refute this point in its direct testimony, but instead refers to its “general” statements
6 regarding the merits of its “waterfall” pricing proposal. Those general statements contain
7 only one direct reference to section 1.3—an objection to what is perceived as
8 WorldCom’s attempt to “restrict Verizon VA’s ability to modify rates.” WorldCom’s
9 proposed language does allow the parties to mutually agree to charge different rates, and
10 simply prevents Verizon from unilaterally making such modifications in the form of
11 hidden charges. Such modifications would inappropriately circumvent the arbitrated
12 rates, and should not be allowed.

13 Verizon also links this argument with its general statements regarding tariffs.
14 WorldCom’s position on the interplay of tariffs and interconnection agreements appears
15 in the direct and rebuttal testimony of WorldCom witnesses Matthew Harthun and John
16 Trofimuk regarding Issue III-18. To the extent that Verizon is now attempting to raise
17 those issues under Issue IV-32, I incorporate the Harthun-Trofimuk testimony into this
18 rebuttal.

19 **Q. Should Verizon be required to bear its own development costs?**

20 A. Yes. As I explained in my direct testimony, to the extent that Verizon incurs any
21 costs to comply with its legal obligation to provide certain services, those costs are a cost
22 of doing business in a newly competitive environment and should be borne by Verizon.
23 New entrants are expected to bear the cost of developing the necessary infrastructure to

1 enter the market or interconnect with the incumbent carrier's network, and there is no
2 reason that Verizon should be treated differently. Thus WorldCom's proposed language
3 does not "shift" these costs to Verizon; they are Verizon's to begin with.

4 Further, WorldCom's proposed language makes clear that Verizon's recovery of
5 its costs should be limited to the cost recovery identified and permitted under the
6 interconnection agreement. This prevents Verizon from unilaterally determining which
7 costs it can recover, and from seeking cost recovery in excess of the rates set by the FCC
8 or Virginia commission. Without this limitation, Verizon could subject CLECS to unfair
9 "hidden charges" that go beyond the authorized rates for the relevant services.

10 **Q. Is WorldCom's request for electronic pricing tables, provided on a monthly**
11 **basis, reasonable?**

12 A. Yes. As I explained in my direct testimony on this issue, it is more efficient to
13 provide electronic copies of the pricing tables than paper, and the electronic format
14 facilitates the ability to audit the bills. Although Verizon claims that providing electronic
15 copies of the pricing tables would be administratively burdensome, it still has not
16 provided adequate support for that claim. As the provider of these services, Verizon is
17 uniquely positioned to provide this pricing information, and should do so in a manner that
18 facilitates its use.

19 The tables should be updated monthly to ensure that they are current and accurate.
20 Again, Verizon has offered no facts to support its claim that this request is "onerous."

21 **Q. Should Verizon be required to provide the Universal Service Order Code**
22 **("USOC") designations associated with the services?**

1 A. Yes. As I explained in my direct testimony, USOCs are important components,
2 and allow CLECs to understand the bills rendered by Verizon. WorldCom and Verizon
3 have resolved Issue IV-59, and Verizon has agreed to provide those codes to WorldCom.
4 Therefore the reference to those codes in Section 1.4 of WorldCom's proposed contract
5 should be non-controversial.

6 **Issue IV-35**

7 *Should the ICA contain a provision that states that reciprocal compensation for the*
8 *exchange of Local Traffic shall be paid?*

9 **Q. Please summarize WorldCom's position on this issue.**

10 A. As I explained in my direct testimony, reciprocal compensation for non-ISP local
11 traffic must be paid pursuant to §§ 251(b)(5) and 252(d)(2) of the 1996 Act, and
12 WorldCom has proposed that the interconnection agreement include a provision making
13 that obligation clear.

14 **Q. Has Verizon filed direct testimony on this issue?**

15 A. No. Verizon has not filed direct testimony that expressly addresses Issue IV-35.

16 **Q. Has Verizon addressed any related arguments in its Pricing Terms and**
17 **Conditions testimony?**

18 A. At page 11 of its testimony, Verizon's Pricing Terms and Conditions witness
19 panel states that Section Four of WorldCom's proposed pricing attachment addresses
20 issues that should be grouped with the interconnection attachment and addressed by the
21 network architecture and intercarrier compensation panels. However, Verizon does not
22 address the merits of WorldCom's proposed language. Given Verizon's failure to offer

1 any specific criticisms of the substance of WorldCom's proposed language, the
2 WorldCom language should be accepted by the Commission.

3 **Issue IV-36**

4 *Should the ICA contain a detailed schedule of itemized charges (Table I of Attachment*
5 *I)?*

6 **Q. Please summarize WorldCom's position on this issue.**

7 A. As I explained in my direct testimony, WorldCom simply raised this issue to
8 ensure that a pricing table would appear in the agreement. On that narrow issue, there
9 appears to be no dispute between the parties.

10 **Q. Please summarize Verizon's direct testimony on this issue.**

11 A. Verizon's Pricing Terms and Conditions witnesses include Issue IV-36 in the list
12 of issues that accompany their broad arguments regarding the "waterfall" pricing
13 attachment and the "interplay of tariffs and interconnection agreements."

14 **Q. Are the statements that the Verizon witnesses make in their direct testimony**
15 **relevant to Issue IV-36 as framed by WorldCom?**

16 A. No. None of those statements are responsive to the narrow point that WorldCom
17 intended to address under Issue IV-36. As I explained in my direct testimony, Issues II-1
18 and II-2 address the parties' dispute regarding which party's pricing schedule should be
19 adopted, and the FCC or the Virginia commission will of course establish the specific
20 rates that apply to the services included in the interconnection agreement. The tariff issue
21 is addressed in the testimony of WorldCom witnesses Matthew Harthun and John
22 Trofimuk, and the unresolved substantive issues related to WorldCom's proposed pricing

1 language are addressed in the remaining WorldCom testimony on Pricing Terms and
2 Conditions.

3 **RESALE**

4 **Issue IV-38**

5 *Should the Interconnection Agreement contain provisions which list specific*
6 *requirements for various services available for resale such as Centrex, Federal and State*
7 *Programs, N11 Service, Grandfathered Services, Contract Service Arrangements, Special*
8 *Arrangements, and Promotions, VoiceMail Service, Hospitality Service, and Telephone*
9 *Line Number Calling Cards?*

10 **Q. Please summarize WorldCom's position on this issue.**

11 A The sole unresolved resale issue concerns Verizon's obligation to provide DSL
12 for resale. As I explained in my direct testimony, WorldCom raised this issue to request
13 that the Commission make clear that Verizon must make its DSL services available for
14 resale.

15 **Q. Has Verizon filed any direct testimony on this issue?**

16 A. No. Thus far, Verizon has not offered any justification for its attempts to evade
17 this Commission's holding in the Connecticut 271 Order³ that "Verizon is required to
18 allow a competitive LEC to resell DSL service . . . even though the DSL service is
19 provided exclusively by Verizon's advanced services affiliate."⁴

³ Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut, Memorandum Opinion and Order, CC Docket No. 01-100 (rel. July 20, 2001 ("Connecticut 271 Order")).

⁴ Connecticut Order ¶ 28.

1 **GENERAL TERMS AND CONDITIONS**

2 **Issue IV-84**

3 *Should the Interconnection Agreement contain a provision: (1) obligating Verizon to*
4 *provide services in any Technically Feasible combination requested by WorldCom*
5 *(excepting Local Resale); (2) prohibiting either party from discontinuing or refusing to*
6 *provide any service provided or required under the Interconnection Agreement (except in*
7 *accordance with the terms of the Interconnection Agreement), without the other party's*
8 *written agreement; and (3) prohibiting Verizon from altering its network without notice*
9 *in a manner (i) inconsistent with the FCC's notice requirements and (ii) that would*
10 *impair WorldCom's rights under the Interconnection Agreement? (Part A, Section 1.2).*

11 **Q. Please summarize WorldCom's position on this issue.**

12 A. As I explained in my direct testimony on this issue, WorldCom has proposed that
13 the interconnection agreement require Verizon to allow WorldCom to use mixtures of
14 local entry methods to serve its customers. Denying WorldCom this ability would
15 prevent WorldCom from being able to serve its customers as flexibly as Verizon may
16 serve its customers. As an example, WorldCom discussed offering customers resold
17 OS/DA or DSL services in conjunction with UNEs. The current interconnection
18 agreement allows WorldCom to obtain and offer services through these mixed
19 arrangements, and it is important that Verizon be required to continue providing such
20 arrangements.

21 **Q. Please summarize Verizon's testimony on this issue.**

22 A. Verizon's General Terms and Conditions witness panel does not address this
23 aspect of WorldCom's proposal, and instead states that it is confused regarding the

1 purpose of WorldCom's language and believes that "combinations" should be addressed
2 in the UNE attachment. In addition, Verizon suggests that the first sentence of
3 WorldCom's Part A, section 1.2 requires Verizon to go beyond applicable law, and
4 Verizon states that it will comply with applicable law but do no more. Verizon's
5 witnesses also reject the second sentence of WorldCom's proposed section 1.2 (which is
6 the third sentence in the modified language that WorldCom provided in its direct
7 testimony) on the grounds that our disagreement regarding 'changes in law' will be
8 addressed under Issue IV-113. Finally, Verizon's witnesses object to the third (now
9 fourth) sentence of WorldCom's proposed contract, which requires Verizon to provide
10 notice of network changes that would impair WorldCom's ability to offer services,
11 asserting that Verizon must be allowed to change its network in accordance with
12 applicable law. Verizon proposes that the language that appears in section 42 of its
13 proposed interconnection agreement, which is addressed in Issue VI-1(T), replace that
14 portion of WorldCom's proposed section 1.2.

15 **Q. Does WorldCom's proposed language address UNE "combinations" as**
16 **Verizon suggests?**

17 A. No. As I explained in my direct testimony on this issue, this issue has nothing to
18 do with UNE combinations, and instead addresses mixtures of service offerings. The
19 revised contract language that I included in my direct testimony makes this more clear,
20 by referring to "arrangements" instead of "combinations." Indeed, given WorldCom's
21 repeated explanation and clarification of this distinction during mediation and
22 negotiations of this issue, Verizon's professed confusion about the purpose of
23 WorldCom's language makes little sense.

1 **Q. Does WorldCom’s language create new obligations that go beyond applicable**
2 **law?**

3 A. No. The 1996 Act identifies three entry methods that competing carriers may use
4 to serve customers. WorldCom has simply proposed that it be allowed to use mixtures of
5 these methods where necessary to serve its customers’ needs. For example, if a customer
6 needs both voice service and DSL, WorldCom could meet the customer’s voice service
7 needs through the UNE-Platform (“UNE-P”) and its DSL needs through resold DSL.
8 Nothing in the Act prohibits such arrangements, and they serve the Act’s pro-competitive
9 goals.

10 **Q. Do you agree with Verizon’s objection to the second-to-last sentence in**
11 **WorldCom’s proposed Section 1.2?**

12 A. No. Verizon objects to the portion of WorldCom’s proposed language that
13 provides that “[n]either Party shall discontinue or refuse to provide any service provided
14 or required hereunder, except in accordance with the terms hereof, without the other
15 Party’s written consent.” As explained more fully in the testimony of WorldCom
16 witnesses Chuck Goldfarb, Alan Buzacott, and Roy Lathrop regarding Issue VI-1(E),
17 Verizon should not be allowed to supersede the terms of the interconnection agreement
18 by unilaterally deciding that an order or decision from a state commission, the FCC, or a
19 court allows it to escape those obligations. WorldCom witnesses Matt Harthun, John
20 Trofimuk, and Lisa Roscoe also discuss WorldCom’s position on this issue in their
21 testimony on Issue IV-113. These witnesses’ testimony makes clear that this proposed
22 sentence should be included in the interconnection agreement, and if the Commission
23 accepts WorldCom’s position on those issues, this language should remain in Section 1.2.

1 **Q. Does the last sentence of Section 1.2 impose reasonable limitations on**
2 **Verizon’s ability to change its network?**

3 A. Yes. Verizon objects to the portion of WorldCom’s language that provides that
4 “Verizon shall not reconfigure, reengineer or otherwise redeploy its network in a manner
5 which would impair MCIm’s ability to offer Telecommunications Services in the manner
6 contemplated by this Agreement, the Act, or the FCC’s rules and regulations without
7 providing notice of network changes in accordance with the Act and FCC rules and
8 regulations.” As explained more fully in the testimony of WorldCom witnesses
9 Goldfarb, Lathrop, and Buzacott regarding Issue VI-1(T), these limitations ensure that
10 Verizon is not given an unfettered right to disregard the anticompetitive effects that
11 alterations to its network may have on competing carriers and their customers. The Act
12 expressly requires that Verizon notify WorldCom of any network alterations that “would
13 affect the interoperability of those facilities and networks.” 47 U.S.C. §251(c)(5).
14 Verizon’s proposed section 42 does not mention Verizon’s obligation to provide notice of
15 network changes, and provides Verizon with the type of unlimited “discretion” to modify
16 its network that WorldCom fears. Therefore, the Commission should accept this portion
17 of WorldCom’s section 1.2.

18
19 **Issue VI-1(Y)**

20 *(Alternate Billed Calls)*

21 **Q. Please summarize WorldCom’s position on this issue.**

22 A. In Issue VI-1(Y), Verizon proposed the inclusion of Section 1.1 of its Additional
23 Services Attachment, which states “[t]he Parties will engage in settlements of intraLATA

1 intrastate alternate-billed calls (e.g., collect, calling card, and third-party billed calls)
2 originated or authorized by their respective Customers in accordance with an
3 arrangement mutually agreed to by the Parties.” In my direct testimony, I explained that
4 WorldCom would not oppose the inclusion of this language if it were supplemented with
5 the following language: “Pending establishment of a mutually agreed to arrangement, the
6 Parties understand that the end user and not either Party is responsible for payment of
7 alternate billed calls for the intraLATA intrastate calls they make or accept.” Without the
8 addition of this proposed language, Verizon’s proposal would improperly establish what
9 is essentially a billing and collection agreement between Verizon and WorldCom for
10 situations in which Verizon and the end-user (who might be served by WorldCom) have
11 contractually agreed that the end-user will render payment to Verizon for services
12 provided by Verizon.

13 **Q. Please summarize Verizon’s testimony on this issue.**

14 A. Verizon’s “Miscellaneous” witness panel simply restates the parties’ positions on
15 this issue and indicates that WorldCom proposed the addition of the language I described
16 above. Hopefully, Verizon’s failure to offer any objections to, or criticism of,
17 WorldCom’s proposed modification indicates a willingness to accept WorldCom’s
18 proposal.

19 **Issue VI-1(AA)**

20 *(Information Services Traffic)*

21 **Q. Please summarize WorldCom’s position on this issue.**

22 A. As I explained in my direct testimony, WorldCom opposes the inclusion of
23 Section 5 of Verizon’s information services attachment for two reasons. First, Verizon’s

1 language holds WorldCom responsible for full payment to Verizon if a WorldCom end-
2 user does not pay for Voice Information services provided by a third Party, despite the
3 fact that WorldCom is not a party to the contractual relationship between the end-user
4 and the third party. Second, Verizon's proposed language improperly exempts this traffic
5 from reciprocal compensation obligations. Because Voice Information services traffic is
6 either IntraLATA/intrastate toll or local depending on the to/from numbers on the call, it
7 should be subject to either Reciprocal Compensation or switched access charges.

8 **Q. Please summarize Verizon's direct testimony on this issue.**

9 A. Verizon's witnesses identify the nature of the parties' dispute and propose
10 inclusion of section 5 of Verizon's additional services attachment. To support their
11 position, Verizon's witnesses state that WorldCom should "bear the financial risk of
12 uncollectable charges" incurred as a result of voice information service traffic because
13 "WorldCom has the relationship with the end-user."

14 **Q. Should WorldCom be required to bear the risk of these "uncollectable**
15 **charges?"**

16 A. No. As I explained in my direct testimony, the fact that a WorldCom end-user
17 might access a voice information service does not obligate WorldCom to be financially
18 responsible for the customer's payment of that call. The end-user purchasing the voice
19 information service is a customer of the third-party voice information service provider,
20 and WorldCom merely provides local network access to the end-user. WorldCom is no
21 more a party to that transaction than it is to a catalog order that a WorldCom end-user
22 may place by telephone. If a customer refused to pay after receiving the catalog
23 merchandise, it would be unreasonable for the merchant to expect WorldCom to meet the

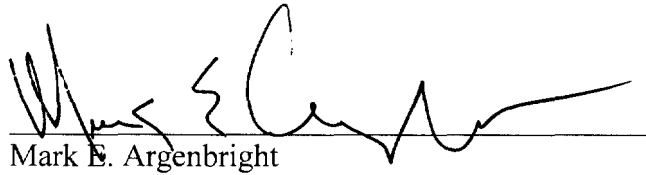
1 customer's payment obligation simply because WorldCom provided the end-user with
2 telephone service. The same is true in the context of calls that end-users place to
3 information service providers. In both instances, WorldCom has no control over the end-
4 users' decisions to pay for these calls, and should not be made the guarantor of these
5 payments.

6 **Q. Does that conclude your testimony?**

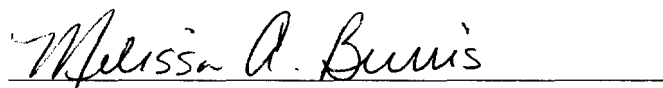
7 A. Yes, it does.

I, Mark E. Argenbright, hereby certify under penalty of perjury that the foregoing is true and correct.

Executed on August 27, 2001.



Mark E. Argenbright



Melissa A. Burris

OFFICIAL SEAL
Melissa A. Burris
Notary Public, State of Georgia
DeKalb County
My Commission Expires May 15, 2004